



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

FROM:

James C. Landers

THRU:

Ralph Erickson
Dave Crandall
Dave Beck

SUBJ:

Semiannual Fee Determination for Bechtel Nevada

Bechtel Nevada (BN) is the only DP contractor that receives semiannual fee payments. The other DP contractors have a single fee determination at the end of the fiscal year. DP announced on October 11, 2000, that we would take on the responsibility for approving the fee determinations for our contractors beginning in FY2001.

The attached package from NV contains a memo from Kathy Carlson recommending your approval of a fee award of \$7,058,566 for performance from October 1, 2000 to March 31, 2001, which is 90 percent of the available fee for award of \$7,829,750. Also included are a narrative evaluation of the performance against subjective Special Emphasis Areas, plus tables indicating the recommended amount of fee to be awarded in those areas and the amount of fee recommended to be awarded for objective performance-based incentives. Finally, NV included a copy of the letter they will send to Bechtel Nevada following after they receive DP approval.

DP representatives participated in NV's performance evaluation process by providing performance objectives at the beginning of the year, reviewing the Performance Evaluation Management Plan, and discussing BN's performance with NV.

NV must notify BN of their fee award no later than June 8th or interest penalties will begin to accrue.

RECOMMENDATION: That you indicate your approval by signing the attached NV memo.





Department of Energy

Nevada Operations Office
P.O. Box 98518
Las Vegas, NV 89193-8518

DEC 4 2001

John A. Gordon, Administrator for National Nuclear Security Administration, NNSA/HQ,
(NA-1) FORS

**REQUEST FOR AUTHORIZATION OF SEMIANNUAL FEE PAYMENT FOR NATIONAL
NUCLEAR SECURITY ADMINISTRATION NEVADA OPERATIONS OFFICE (NNSA/NV)
BECHTEL NEVADA (BN) CONTRACT NO. DE-AC08-96NV11718**

NNSA/NV has completed its assessment of BN's effectiveness in meeting performance expectations as reflected in the FY 2001 Performance Evaluation and Measurement Plan (PEMP) for the period of April 1, 2001, through September 30, 2001. In accordance with the PEMP, a fee determination must be made 70 calendar days after the end of the evaluation period. The evaluation period ended September 30, 2001, therefore, a fee determination must be rendered by December 7, 2001.

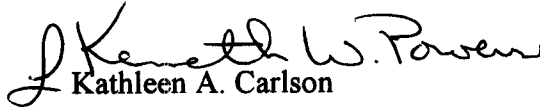
NNSA/NV's Award Fee Board (AFB) has assessed BN's overall performance for the second half of FY 2001 as exceeding expected levels and is recommending total fee earned for this period of \$10,189,175 or 90.93 percent of the \$11,206,089 available fee for this period. This is a composite of \$7,053,920 in earnings from the performance based incentive fee pool and \$3,135,255 in earnings from the award fee pool. The FY 2001 second half AFB report and associated worksheet are attached as Enclosures 1 and 2. The performance based incentive fee worksheet is attached as Enclosure 3. Based on my review of the contractor's performance and the AFB report, I have concurred with their recommendation and will authorize payment of the earned fee following receipt of your concurrence.



John A. Gordon

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I have also enclosed a draft of the letter which will transmit the performance evaluation decision to the contractor as Enclosure 4. If you have any questions regarding this matter, please call me at (702) 295-3211.



Kathleen A. Carlson
Manager

CMD:WBG-02135

Enclosures:
As stated

cc w/encls:
R. W. Kuckuck, NNSA/HQ, (NA-1) FORS

Approval of NNSA/NV's recommended FY 2001 second half earned fee for Bechtel Nevada,
Contract No. DE-AC08-96-NV11718.


John A. Gordon
Administrator for National Nuclear Security Administration

12-5-01
Date

☒ Approved


Concur 

☒ Not Approved




Department of Energy

Nevada Operations Office
P.O. Box 98518
Las Vegas, NV 89193-8518

DEC 7 2001

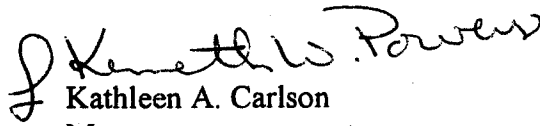
Frederick A. Tarantino
President and General Manager
Bechtel Nevada
P. O. Box 98521
Las Vegas, NV 89193-8521

**BECHTEL NEVADA (BN) ASSESSMENT OF PERFORMANCE MEASURES ACHIEVED
AND AWARD FEE EVALUATION FOR THE PERIOD APRIL 1, 2001, THROUGH
SEPTEMBER 30, 2001 CONTRACT NO. DE-AC08-96NV11718**

The National Nuclear Security Administration Nevada Operations Office (NNSA/NV) has completed its assessment of BN's effectiveness in meeting the performance expectations reflected in the Performance Evaluation and Measurement Plan for the period April 1, 2001, through September 30, 2001. Based on this assessment, which has been reviewed and concurred upon by the Administrator for the National Nuclear Security Administration, BN is authorized earned fee in the amount of \$10,189,175 for this period. This is a composite of \$7,053,920 in earnings from the performance based incentive fee pool and \$3,135,255 in earnings from the award fee pool.

Overall, BN's performance during the second half of FY 2001 met, and in many instances, exceeded NNSA/NV expectations. Especially commendable was BN's performance in response to the September terrorist events and the progress in implementing Integrated Safety Management. However, immediate management attention is required in the Environmental Management area.

A copy of the Award Fee Board Report is enclosed for your information.


Kathleen A. Carlson
Manager

CMD:WBG-02139

Enclosure:
As stated



Frederick A. Tarantino

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cc w/encl:

L. A. Natrass, LLNL, Las Vegas, NV
G. R. Papazian, LANL, Las Vegas, NV
P. S. Raglin, SNL, Las Vegas, NV
R. E. Erickson, NNSA/HQ (NA-50) FORS
W. C. Lips, NNSA/HQ (NA-51) FORS
R. C. Braden, NNSA/HQ (NA-63) FORS
P. Dedik, NNSA/HQ, (NA-241), FORS
D.M. Miotla, NNSA/HQ, (DP-17), GTN
J. C. Landers, NNSA/HQ (DP-40) FORS
W.F. Hensley, Jr., NNSA/HQ (DP-43), GTN
W. J. Hall, NNSA/HQ (DP-132) FORS
W. F. Spurgeon, DOE/HQ (EM- 34) Cloverleaf
S. K. Black, NNSA/HQ (NN- 40) GTN

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE
APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001**

I EXECUTIVE SUMMARY

This Award Fee Report provides the results of the National Nuclear Security Administration Nevada Operations Office (NNSA/NV) evaluation of Bechtel Nevada's (BN's) performance in overall management acumen, customer service, problem solving, communications, organization and financial management, attention to and support of NNSA/NV Strategic Initiatives and site priorities, and management's effectiveness in addressing previously identified areas of concern. The Award Fee evaluation includes, but is not limited to, an assessment of BN's overall effectiveness in addressing the Special Emphasis Areas (SEAs) identified in the Fiscal Year 2001 (FY 2001) Performance Evaluation and Measurement Plan.

Overall, BN's performance during the second half of FY 2001 met, and in many SEAs, exceeded NNSA expectations. Especially commendable was BN's performance in response to the September terrorist events and the progress in implementing Integrated Safety Management (ISM). SEAs with a preponderance of significant achievements or no noteworthy areas requiring increased management attention are Reduce the Cost of Doing Business, Strengthen Business Management Systems and Processes, Enhance Security Activities, Maintain the Capability to Resume Underground Testing, and National Emergency Response Project Integration. SEAs with both significant achievements and areas needing increased management attention are General Management, Enhance Operational Safety Culture, and Enhance Support for Work for Others and Site Development Plan. A SEA requiring immediate management attention is Environmental Management.

II GENERAL MANAGEMENT

Special Emphasis Area 1 - General Management

General Management is global in nature and covers BN's management effectiveness in addressing all contract activities considered important by NNSA/NV. Specifically considered in this portion of the evaluation was the effectiveness of BN's efforts in Business Management; Business Development; Procurement, Socioeconomic, and Outreach Goals; Working Relationships Among NNSA/NV, National Laboratories, and Other NTS Users; and Public Affairs/Community Outreach.

During the evaluation period, senior leadership of BN was unexpectedly changed. While NNSA/NV was concerned that this change was not preceded by appropriate and sufficient emphasis on executive level succession planning and still believes that additional efforts are

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE
APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001**

needed in this area, all indications are that this change in leadership is proving to provide an energized management approach to furthering the initiatives started under the previous leadership and instituting new ones. Greater management involvement and attention is becoming increasingly apparent, particularly in pursuing a strategic vision for BN, in addressing NNSA/NV areas of concerns, and in meeting the day-to-day operational requirements.

A significant consideration in the evaluation of BN's general management effectiveness, which compliments the Environmental Management SEA, was BN's less than expected performance in executing the Environmental Management Program including not preparing quality and timely safety authorization basis documents. BN's performance in preparing EM safety analysis reports resulted in a significant cost overrun and non-achievement of mission goals. While BN had opportunities to meet expectations, appropriate resources were not applied to the timely and cost effective completion of these documents.

Exceptional and positive efforts were noted in BN's support to National Security programs, Procurement and Socioeconomic Outreach, and Public Affairs and Community Outreach. However, additional attention is required to address NNSA/NV's concerns in the areas of cost allocation changes; refinement of the overall organizational structure; and timely and consistent program planning, budgeting, execution and cost estimating.

In FY 2001 several strategic initiative areas were identified: JASPER, Atlas, Device Assembly Facility (DAF), Reduce Cost of Doing Business, Integrated Safety Management Systems, and Site Development and Infrastructure. Within the National Security arena, BN senior management was effective and responsive in supporting the startup and operation of JASPER, as well as the execution of the first liner demonstration shot at the Los Alamos National Laboratory Atlas Facility. However, management attention to the design and procurement of the Glovebox for the DAF did not meet expectations.

BN addressed all focus area action plans associated with reducing the cost of doing business and achieved cost efficiencies through validated cost avoidances. ISM systems are being effectively implemented as confirmed by the Headquarters (HQ) ISM Focused Verification review.

Achievements

BN's exceptional performance in the final weeks of FY 2001 in response to terrorism events eclipsed what had been a positive trend in its overall pursuit of strategic development opportunities for the Nevada Test Site (NTS). The dedication of BN's most talented employees to the task of conceptualizing, developing and advancing the proposal

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE
APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001**

to create a National Center for Combating Terrorism at the NTS together with the active and full participation of BN's senior management is considered to be innovative and demonstrate exemplary leadership.

BN's overall performance in the area of procurement and socioeconomic outreach exceeded expectations. BN was instrumental in the success of the U.S. Department of Energy's (DOE) Annual Small Business Conference held June 19-22, 2001 in Las Vegas. Serving as a co-sponsor of this event, BN received an "Star Performer" award from the Secretary of Energy for its leadership ability and performance. BN also received the prestigious "Freedom Award" from the Small Business Administration for outstanding support in providing procurement opportunities for Small and Disadvantaged Businesses. All four socioeconomic goals, which included small business, small disadvantaged business, woman-owned business, and Historically Underutilized Business Zone business, were exceeded by BN.

BN is commended for management's initiative in identifying ways to simplify and clarify the cost allocation process. Many of the changes implemented by BN improved the customer's ability to understand the cost allocation process.

BN also provided outstanding logistical and planning support as well as numerous volunteers and subject matter experts for a wide range of public information, community relations, educational outreach, tours/visits, and special events.

Areas Requiring Improvement

Although a new organizational structure has been implemented to improve the clarity, focus and efficiency of day-to-day operations, BN did not meet expectations for timely implementing the streamlined organization.

BN did not meet expectations for fully analyzing, understanding and representing the budgetary and programmatic impacts of all proposed cost allocation process changes prior to requesting NNSA/NV approval to implement those changes. Many of the changes impacted budget estimates previously submitted in formal budget requests.

While BN issued a company directive on cost estimating, provided training to program and project managers, and employed the services of an independent review, the quality and completeness of cost estimates remains a significant concern to NNSA/NV. BN was expected to exercise greater diligence in ensuring that proper scopes of work were

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE
APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001**

available prior to developing cost estimates and in coordinating with all appropriate organizational elements including the financial management prior to releasing estimates for decision-making purposes.

BN did not appropriately plan nor fully consider Los Alamos National Laboratory's Lessons Learned and Lawrence Livermore National Laboratory's Design Review information which resulted in installation deficiencies and a delay of the Safety Analysis Review on the design and procurement of the DAF Glovebox.

BN's partnering efforts with NNSA/NV and National Laboratory representatives were less than expected. BN did not effectively coordinate with cognizant Project Managers prior to developing and submitting deliverables during the baseline change and task planning processes. Also, BN did not consistently submit deliverables in a timely manner, resulting in short reviewing times for NNSA/NV and National Laboratory representatives prior to meeting organizational deadlines.

III ENHANCE OPERATIONAL SAFETY CULTURE

Special Emphasis Area 2 - Enhance Operational Safety Culture

BN has been aggressive in addressing Opportunities for Improvement identified in the Phase I and II ISM Verifications. All Phase II corrective actions were completed and closure of Phase I findings is dependent upon the actions of other organizations. BN's enhanced safety culture was evidenced by no Price Anderson Amendment Act violations; no unplanned worker exposure to radiation, chemical or biological hazards; 2.2 million hours worked without a lost time accident and the lowest lost time accident case rate since the beginning of the contract in 1996. In addition, BN disposed of 386 unused sealed radioactive sources and material without incident.

Achievements

BN successfully removed the source vault; installed a monitoring well in Building A-1; and overcame the complexities of a cramped work area located in the basement of a building in order to successfully complete this task.

The June HQ ISM System Focused Verification confirmed that BN had implemented ISM at the NTS. BN successfully demonstrated the ability to perform in-depth assessments and initiate required improvements, implement a work control process

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APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001**

among multiple customers performing a variety of complex work, and effectively execute feedback and improvement mechanisms.

BN promoted increased safety among organizations removing property from the NTS by conducting on-site safety visits and requiring strict adherence to ISM philosophy. As a result of BN's efforts, 25 facilities have been disassembled and removed from the NTS without accident or incident.

Areas Requiring Improvement

NNSA/NV's expectation with respect to the development and implementation of a Pollution Prevention (P2) Program was not met. An Operations Office P2 program is required by "Greening of the Government" Executive Orders as well as multiple DOE Orders and ISM; and is a key component of environmental regulations. BN did not fully implement employee and management awareness of recycling goals and objectives. Finally, although the annual Waste Minimization Resource Conservation and Recovery Act Part B Permit Report was completed and submitted to NNSA/NV, BN did not fully report hazardous materials/waste reduction activities as required by the Act.

BN did not complete the required hazard and safety analyses for the classified Transuranic (TRU) material nor implement the safety analysis for the Waste Examination Facility (WEF) as a Category 3 facility. Communications with NNSA/NV regarding the status of implementation was not timely. In addition, BN did not develop a sufficient safety basis for the TRU Pad/TRU Pad Cover Building as a Category 2 facility as scheduled requiring an extension of the Justification for Continued Operations.

IV SITE OPERATIONS AND INFRASTRUCTURE

Special Emphasis Area 3 - Reduce the Cost of Doing Business

BN fully addressed the Strategic Initiative on Reducing the Cost of Doing Business at the NTS by completing closure actions on all Focus Area Action Plans. To complement this initiative, BN undertook additional internal cost avoidance efforts designed to expand work scope through increased efficiencies. While the full effect on reducing costs resulting from these initiatives will begin to accrue in FY 2002, particularly in areas impacted by full implementation of a streamlined organization and facility disposition.

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Achievements

BN successfully completed all Focus Area Action Plans covering the continuing need for and sizing of all indirect cost elements. Coupled with internal initiatives, cost avoidances resulting from this initiative amounted to over \$1.6M in FY 2001 with additional avoidances expected to begin accruing in FY 2002.

Special Emphasis Area 4 - Strengthen Business Management Systems and Processes

BN's performance in business and financial management systems and processes substantially exceeded expectations. A strong commitment to sound financial stewardship and information technology was evident. Costs continued to be properly accounted for and financial reports were consistently timely and accurate. There were no identified instances of waste, fraud or abuse or significant external audit findings relating to BN's financial stewardship. Completion of the Business Application Modernization Project was a particularly significant accomplishment. Coupled with this project, BN simplified the cost allocation process by reducing the number of indirect cost and recharge rates. To address previous concerns, BN improved the WFO Business Management Oversight Program (BMOP) administration process thereby alleviating NNSA/NV's previous concerns in this area.

Achievements

BN undertook an aggressive approach and schedule for implementing changes in the cost allocation process. The revised cost allocation process greatly reduces the number of indirect cost, recharge rates and pricing multipliers thereby enhancing cost estimating accuracy and making it easier for customers to understand and use.

BN successfully completed the Business Application Modernization project on time and within budget. This was a noteworthy accomplishment as industry trends indicate that only about one in five companies complete projects of this size on time. Several barriers were encountered during the implementation, but the project team took appropriate actions to mitigate potential impacts.

Several noteworthy efforts were realized in the financial stewardship arena. BN month-end submissions were routinely in advance of due date and error free, allowing additional time to run edits and meet external reporting dates. BN ended FY 2001 with a cumulative indirect cost under recovery variance of slightly more than \$100K which

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represented an exceptional achievement given the complexities of the cost accumulation and allocation process. BN also managed its FY 2001 indirect cost recovery process with fewer interim rate adjustments.

BN staffed major initiatives such as the NNSA/NV Manger's Information System and the Business Management Information System and the cost allocation process review without significant degradation in other financial stewardship activities. Also noteworthy was the quality of the financial BMOP and BN's effective implementation of Federal Accounting Standard No. 10; Accounting for Internal Use Software.

BN effectively implemented strategies for meeting/exceeding Departmental guidelines for managing year-end encumbrances. FY 2001 encumbrance allowances were established and communicated to program officials, allowing the programs to effectively manage year-end costs and commitments. BN is recognized as one of the first of the Department's contractors to successfully implement these guidelines.

BN took the lead in re-establishing the Industry Liaison Group thereby fostering communication and outreach activities with other federal contractors. The re-establishment of this Group was encouraged and approved by the U.S. Department of Labor's, Office of Federal Contract Compliance Programs, which provides technical support to the Group.

Significant progress was noted in critical telecommunications projects. Examples include final infrastructure alignment of the Base Support Trunk Radio System trunk radio project, the Fleet Map project was completed and programmed, user units have been exchanged and formal training has been completed, and the DAF radio equipment has been installed and is operational. In addition, the Mercury Fiber Loop was installed.

BN was proactive in resolving issues related to '911' emergency call services. Telephone studies have been completed for the Yucca Mountain '911' emergency calls initiating from the Summerlin facilities and the NNSA/NV Emergency Operations Center. Also completed was the 'Reverse 911' calling system for the Mercury Coordination and Information Center.

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Special Emphasis Area 5 - Enhance Security Activities

BN fully satisfied the requirements of this special emphasis area and exceeded NNSA/NV's expectations by implementing high quality automated information systems security enhancements.

Achievements

BN was proactive in implementing the requirements of the NNSA/NV cyber security initiatives. The high quality of this effort was noted during the DOE/HQ Office of Oversight and Assessment review of the Nuclear Emergency Support Team Program and verified by NNSA/NV. BN remained vigilant in meeting program requirements of automated information security and no deficiencies have been identified in the area of cyber security. Further, BN has been proactive in supporting NNSA/NV efforts to establish and operate a BN facility for use by the Nevada Cyber Crimes Task Force.

BN conducted 17 Limited Scope Performance Tests when only six were required. Only two observations were noted during the tests and promptly resolved. BN conducted 100% searches of vehicles exiting the NTS on four separate occasions, exceeding NV's expectation of two searches during FY 2001; and BN conducted 100 self-assessments of accountable property during the performance period when only 12 were required. All items were verified to be at the designated location and properly utilized half of the performance period; six were required.

Special Emphasis Area 6 - Enhance Support for WFO Activities

BN's support for WFO activities exceeded expectations.

Achievements

BN's performance in managing and conducting the Nevada Test Site Weapons of Mass Destruction course was exceptional. Customers and participants expressed satisfaction with the quality and results of the three courses conducted at the Nevada Test Site. As a result, this course will serve as a model for future course work.

AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE APRIL 1, 2001 THROUGH SEPTEMBER 30, 2001

BN's performance in supporting the Defense Threat Reduction Agency project activities was exemplary. Despite time constraints and unexpected design changes, BN successfully completed the U12v tunnel refurbishment project under budget and ahead of schedule.

Areas Requiring Improvement

Management attention needs to be placed on reaching prior agreement with WFO customers on adequate or alternative statements of work and engineering plans for WFO construction activities. An example was a project requiring the design and construction of a 5,000 foot runway, within specified parameters of elevation, grade, and surface quality as well as other specific construction requirements. The quality of the product provided by BN did not meet the customer's expectations.

Special Emphasis Area 7 - Maintain Capability to Support Resumption of Underground Testing

BN's overall performance in the area of capability to support resumption substantially exceeded expectations.

Achievements

BN aggressively supported the Enhanced Test Readiness sub-task team in planning for enhanced readiness. This effort provides NNSA/HQ with reliable cost and schedule data that will assist in the assessment of enhanced test readiness. Significant progress was made in identifying and storing drilling and diagnostic equipment necessary for testing. BN was also successful in completing additional work scope on selected projects, including enhanced readiness, construction modifications to Building A-13 for a secured computing room, and removal of historical equipment for an event in Area 3. Completion of this additional work scope compliments the enhanced readiness posture.

BN successfully ran the Decision Support System identifying key and critical personnel, physical assets, and procedures/controls for the selected scenarios, and verified to NNSA/NV that BN is ready to support resumption of underground testing within the three-year Presidential Mandate.

BN adopted the Critical Skills Retention Program Plan as its workforce development plan. The retention plan is based on a critical skill mentoring process which was

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implemented this year with plans to expand and include a larger number of personnel and cover more at "risk skills". The BN Critical Skills Retention Program considers all technical organizations identified in the Chile's Commission Report. BN hired 36 employees with Defense Programs critical skills in the Stockpile Stewardship Program, replacing the 21 personnel lost through attrition and adding 15 new hires.

Special Emphasis Area 8 Environmental Management Activities

Day-to-day operations at the Low Level Waste disposal sites and the WEF were noteworthy, however, BN's performance in other areas of EM activities did not meet expectations.

Areas Requiring Improvement

BN did not meet expectations for providing quality and timely planning, budget, and performance information for multiple NNSA/NV EM activities overall. Planning lacked a strategic understanding of many NNSA/NV EM program and project activities; planning deliverables lacked proper internal coordination, frequently did not reflect NNSA/NV EM policies and positions, were inconsistent among data elements, and often were not delivered in a timely manner. The lack of quality budget estimates is evidenced in the variances identified in monthly and quarterly EM performance reports.

NNSA/NV Environmental Management had a commitment to HQ to complete the Frenchman Flat seismic survey by June 29, 2001. As of September 30, BN had completed only 30% of the seismic survey causing NNSA/NV to miss the management commitment milestone.

The BN Waste Management program did not meet expectations for proper and diligent baseline and task planning. Baseline/task plan deliverables have been considerably behind schedule, impacting other contractors in meeting their task plan deliverables, required substantive revision, had significant gaps in information, and required extensive federal oversight and support to achieve objectives. BN Program Integration provided the necessary resources, systems, and processes to meet objectives, but this support was not adequately utilized or consulted. Although BN has not completed the baseline, it has explored opportunities to apply innovative technologies for improvement of baseline performance.

As evidenced during preparation of the 2002 Industrial Sites task plan, there are disconnects with the Industrial Sites portion of the Environmental Restoration Baseline,

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Revision 3. Scopes, schedules, and costs, as found in the Baseline, were not representative of the current knowledge of the activities. BN was expected to understand the importance of the baseline, keep the scope, schedule, and costs updated with the most recent information (through monthly baseline change control), and most importantly, take ownership of the BN portion of the baseline.

The life-cycle baseline for the TRU project and FY 2002 task plans for the TRU project were not delivered, and there continues to be an inability to develop adequate Basis of Estimates and Schedules for the TRU project. Also, the Safety Analysis efforts for the TRU project significantly overran the budget for FY 2001.

Special Emphasis Area 9 - National Emergency Response Project Integration

In addition to exceeding all expectations in this Special Emphasis Area, BN's overall performance in the Emergency Response arena was exemplary.

Achievements

BN demonstrated exceptional deployment activities in responding to the terrorist acts of September 11, 2001. Under very, stressful and challenging circumstances, BN's Remote Sensing Laboratory (RSL) and Special Technologies Laboratory (STL) partnered with federal and state agencies by deploying response assets to the east coast and providing readiness assistance locally. Subsequent to the initial responses, BN continued to provide exceptional support in New York City and Washington, D.C., working long hours in unfamiliar environments.

BN was expected to complete five new research and development efforts as candidates for national scientific and/or engineering achievement awards using established criteria. BN exceeded these expectations by completing a total of eight new research and development efforts and subsequently receiving awards on three of those submitted.

BN did an outstanding job in teaming with NNSA/NV to jointly develop a comprehensive three-year Consequence Management Plan. The plan addresses the consolidation of existing assets throughout the NNSA scientific community into a cohesive unit and provides NNSA/NV a greater degree of flexibility in adapting to field conditions while reducing the deployment footprint and maximizing efficiency of effort.

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BN also provided excellent support in the conduct of an Emergency Response Support and Logistics Program mission assessment. The assessment provided accurate and timely information on emergency response program effectiveness and potential improvements.

Special Emphasis Area 10 - Site Development Plan

In April BN developed its first annual Site Development Plan (SDP). Subsequently, NNSA/NV requested BN to incorporate the SDP into a stand alone NNSA/NV Ten-Year Comprehensive Site Plan (TYCSP). This long-term plan is intended to describe current Facilities & Infrastructure (F&I) issues and serve as a tool to support the budget process. BN successfully developed this document utilizing a substantial amount of data from the SDP and various programmatic plans.

Achievement

The SDP developed by BN was recognized by NNSA/HQ and NNSA/NV as an excellent planning document. This document will now serve as the foundation for increased site-wide planning and facilitate management emphasis on facilities and infrastructure by NNSA/NV.

Areas Requiring Improvement

The TYCSP requires emphasis to strengthen the overall linkage between facilities and infrastructure requirements with program requirements. Readiness in Technical Base Facilities Projects and Support Infrastructure Projects are expected to demonstrate a more clear articulation of need, justification and driver for each proposed project.

Inconsistencies were noted between the Comprehensive Project List and the TYCSP cost estimates, Capital Asset Management Process ratings and project listings. The Comprehensive Project List needs to be closely monitored and updated with the active participation of program officials to ensure that projects are correctly prioritized and supported. Also, the inspection and maintenance data is expected to be updated and accurately reflect the current and projected conditions of facilities and infrastructure to support NNSA/NV's missions.

**AWARD FEE REPORT OF BECHTEL NEVADA'S PERFORMANCE
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Condition assessments have not been updated to reflect current and projected conditions of facilities and infrastructure to support NNSA/NV's missions. As a result, the condition assessment fields within the Facility Information Management System database are not current and impact the best utilization of limited resources.

FY 2001 ASSESSMENT OF BECHTEL NEVADA'S PERFORMANCE
NNSA/NV CONTRACT DE-AC08-96NV11718
PERFORMANCE BASED INCENTIVES

FY 2001 FEE POOL		19,700,000											
		-											
National Security				Fee Available 1st Half		Fee Earned 1st Half		Fee Available 2nd Half		Fee Earned 2nd Half		Total FY 01 Fee Earned	
NS01.01	SCEs	9.33%	\$1,838,000	\$985,000		\$985,000		\$853,000		\$853,000.00		\$1,838,000	
NS01.02 Experimental Diagnostics (6%)													
NTS Radiography Source Development		3.00%	591,000	295,500		295500		295,500		295,500		591,000	
High Energy Density Physics		3.00%	591,000	295,500		295500		295,500		295,500		591,000	
NS01.03 Experimental Facilities (13.67 %)													
U1a		6.00%	1,182,000	591,000		591,000		591,000		591,000		1,182,000	
JASPER		3.00%	591,000	246,250		246,250		344,750		344,750		591,000	
DAF Glove Box		5.00%	985,000	394,000		394,000		591,000		591,000		985,000	
ATLAS Title I Design		5.00%	985,000	394,000		394,000		591,000		591,000		985,000	
		0.67%	132,000	0		0		132,000		132,000		132,000	
		13.67%	2,693,000	1,034,250		1,034,250		1,658,750		1,658,750		2,693,000	
NS01.04	Emergency Response	5.00%	985,000	0		0		985,000		985,000		985,000	
Total National Security		34.00%	6,698,000	2,610,250		2,610,250		4,087,750		4,087,750		6,698,000	
Environmental Management													
EM01.01	Environmental Restoration	5.00%	985,000	428,261		428,261		556,739		556,739		985,000	
EM01.02	Hydrogeologic Wells	3.00%	591,000	0		0		591,000		575,831		575,831	
EM01.03	WEF Operations	2.00%	394,000	197,000		98,500		197,000		197,000		295,500	
Total Environmental Management		10.00%	1,970,000	625,261		526,761		1,344,739		1,329,570		1,856,331	
Technical Operations													
TS01.01	Removal of Assets/Enhance Asset Management	10.00%	1,970,000	885,000		885,000		1,085,000		1,085,000		1,970,000	
TS01.02	Long Term ISM Maintenance	5.00%	985,000	433,400		433,400		551,600		551,600		985,000	
Total Technical Services		15.00%	2,955,000	1,318,400		1,318,400		1,636,600		1,636,600		2,955,000	
Total Incentive Fee		59.00%	\$11,623,000	\$4,553,911		\$4,455,411		\$7,069,089		\$7,053,920		\$11,509,331	
% Fee Earned						97.84 %				99.79 %		99.02 %	
Total Unearned Fee						98,500				15,169		113,669	

FY 2001 ASSESSMENT OF BECHTEL NEVADA'S PERFORMANCE
NNSA/NV CONTRACT DE-AC08-96NV11718
AWARD FEE SPECIAL EMPHASIS AREAS

Score	% Fee Earned	Performance Level
A	90% - 100%	Performance substantially exceeded expected levels.
B	60% - 89%	Performance exceeds expected levels.
C	30% - 59%	Performance meets expected levels.
D	01% - 29%	Performance is less than expected.
E	0%	Performance is unacceptable.

FY 2001 Fee Pool

19,700,000

Special Emphasis Area (SEA)		** 7,880,000		Fee Available 1st Half		% Fee Earned 1st Half	Fee Earned 1st Half	Fee Available 2nd Half	% Fee Earned 2nd Half	Fee Earned 2nd Half	Total FY01 Fee Earned
SEA 1	General Management.	MGR	16%	\$3,152,000	\$1,477,500	87%	\$1,292,391	\$1,674,500	79%	\$1,322,855	\$2,615,246
SEA 2	Enhance Operational Safety Culture	TS	2%	394,000	197,000	80%	157,600	197,000	80%	157,600	315,200
SEA 3	Reduce the Cost of Doing Business	BFS	10%	1,970,000	985,000	70%	689,500	985,000	66%	650,100	1,339,600
SEA 4	Strengthen Business Management Systems and Processes	BFS	2%	394,000	197,000	88%	173,360	197,000	92%	181,240	354,600
SEA 5	Enhance Security Activities	TS	1%	197,000	98,500	89%	87,665	98,500	89%	87,665	175,330
SEA 6	Enhance Support for WFO Activities	NS	2%	394,000	197,000	85%	167,450	197,000	84%	165,480	332,930
SEA 7	Maintain Capability to Support Resumption of Underground	NS	3%	591,000	295,500	70%	206,850	295,500	85%	251,175	458,025
SEA 8	Environmental Management Activities	EM	2%	394,000	197,000	75%	147,750	197,000	29%	57,130	204,880
SEA 9	National Emergency Response Project Integration	NS	1%	197,000	98,500	90%	88,650	98,500	100%	98,500	187,150
SEA 10	Site Development Plan	TS	2%	394,000	197,000	80%	157,600	197,000	83%	163,510	321,110
Total Award Fee			41%	\$8,077,000	\$3,940,000	80.43%	\$3,168,816	\$4,137,000	75.79%	\$3,135,255	\$6,304,071
Total Unearned Fee							\$771,184			\$1,001,745	\$1,772,929
% Fee Unearned					19.57%			24.21%			21.95%